

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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C O N F I D E N T I A L LONDON 11543

E.O. 11652: GDS
TAGS: MPOL, UK
SUBJECT: UK UNDERSPENDING DEFENSE BUDGET

1. A REPORT BY THE HOUSE OF COMMONS EXPENDITURE COMMITTEE ISSUED YESTERDAY REVEALS THAT THE MINISTRY OF DEFENSE (MOD) HAS FAILED TO SPEND ABOUT \$2 BILLION OF ITS BUDGETED FUNDS OVER THE PAST SIX YEARS. THE REPORT, WHICH FOCUSES ON LAST MINUTE EFFORTS (APPARENTLY NOT ENTIRELY SUCCESSFUL) OF THE MOD TO EXPEND UNSPENT FUNDS AT THE END OF THE FISCAL YEAR, CLAIMS THAT OVER \$100 MILLION WAS SO SPENT LAST YEAR ON ITEMS RANGING FROM CARPETS TO MISSILES.

2. THE COMMANDER IN CHIEF OF THE RAF IN GERMANY IS QUOTED AS SAYING "WE ARE LOSING OUT ON OUR OPERATIONAL CAPABILITY YEAR AFTER YEAR WITH UNDERSPENDING WHICH DISAPPEARS DOWN THE DRAIN." IN PRIVATE CONVERSATION WITH EMBASSY DCM, MINISTER OF STATE GILBERT (NO. 2 AT MOD) SAID THAT LOSSES DUE TO UNDERSPENDING OVER THE PAST 15 YEARS AMOUNTED TO \$6 BILLION. GILBERT ATTRIBUTED THIS PROBLEM TO FAULTS IN THE MOD'S PROCUREMENT AND FISCAL MANAGEMENT. HE IS
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SERIOUSLY CONCERNED AND HAS DIRECTED THAT MEASURES BE TAKEN TO ENSURE THAT LOSSES OF THIS SORT ARE NOT INCURRED IN THE FUTURE.

BREWSTER

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Message Attributes

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